

## **WORKFORCE DEVELOPMENT COUNCIL**

### **Minutes of June 20, 2002**

#### **Introduction of New Council Members**

Chair Karen McGee called the Council to order at 8:30 a.m. Members and Council guests introduced themselves. She welcomed new members Cindy Hedge, representing labor, and Jim Soyk to the Council. Chair McGee welcomed local *IdahoWorks* Board Chairs and/or their representatives, who were invited to join the Council for discussions about regional perspective for emerging business opportunities and workforce challenges.

#### **Consent Agenda (Transmittals #1 through #5)**

Jim Hawkins moved and Dr. Ruch seconded to accept the consent agenda, including the minutes of the March 26, 2002 meeting, Recertification of local *IdahoWorks* Boards (Transmittal #1), Annual Request on the Special Administrative Fund (Transmittal #2), Trade Adjustment Act and Dislocated Worker Funding Update (Transmittal #3), Incentive Awards (Transmittal #4), and ICBVI Vocational Rehabilitation Plan Modification (Transmittal #5). The motion passed unanimously.

#### **Update from the Chair**

Chair McGee reported on the National Association of State Workforce Board Chairs' Spring Meeting, held in Washington D.C., February 23 and 24. Chair McGee stated that TANF reauthorization is high on the "radar" list at the national level. She indicated the re-vamping of the "Workforce Excellence Network" will impact the state and local boards. Boards will be able to request technical assistance, share best practices, and receive more "hands on" assistance from the Network. Karen indicated the National Association of State Workforce Board Chairs white paper, "The Competitive Challenge: Building a World-Class Workforce" has been published and is getting a lot of play. Karen emphasized it is very important for the Workforce Development Council to be very involved in economic development discussions, especially in this economic climate.

#### **TANF Reauthorization Update**

Department of Health and Welfare Director Karl Kurtz provided an update on TANF Reauthorization. Director Kurtz noted that TANF, which was implemented in Idaho in July of 1997, has four purposes. These are to provide assistance to needy families so those children may be cared for in their own homes or in the home of relatives; end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce the incidence of out-of-wedlock pregnancies; and encourage the formation and maintenance of two parent families.

Director Kurtz said the Administration's proposal adds no new funding but retains level funding at \$16.5 billion nationally. Congress has been working on separate versions of

the reauthorization and a compromise on the issues is expected. Differences in the House and Senate versions are in the child care funding and the number of work hours to be required. He shared some highlights of the President's proposal, remarking that the program is based upon the four pillars of work, families, capacity and nutrition. He noted that the work requirements in the Administration's proposal are more intensive, moving from 24 to 40 hours per week. He also said that the legislation is intended to strengthen families by expanding support to low-income families, child care, and health insurance. He clarified that the marriage proposal is to encourage healthy, 2-parent married families through providing support, but that it will not penalize single parents. The proposal also recognizes the capacity of states and faith-based and community-based organizations to design and implement programs. He also indicated that Food Stamps would be made available for legal immigrants. The proposal also offers flexibility, improved opportunities for waivers and a focus on outcomes.

Director Kurtz explained that very few people in Idaho are receiving a cash grant. He said that Idaho receives \$30 million to support the block grant, which requires \$12 million from the legislature for maintenance of effort. Chair McGee congratulated the Director for his approach to partnering. Jim Hawkins asked if the maintenance of effort funds were in jeopardy with the budget crisis. Director Kurtz responded that these would be the last funds cut by DHW. Dave Whaley said that Labor was very concerned about child support issues. Director Kurtz remarked that we are very successful in obtaining child support payments.

### **Jobs for Idaho's Graduates**

Shirley Silver, Idaho Division of Professional Technical Education, delivered an update to the Council on the JAG program. Shirley reported on the success rates of the programs, noting that the senior program was exceeding its goals by achieving an 84% graduation rate. While the program for at risk individuals fell below its goals, JAG allows for a variance with this group of individuals. She also reported that in the pilot year there were only 3 individuals who experienced out of wedlock pregnancies and that the programs intend to reduce that number to zero next year. She closed by saying that they would continue their JAG affiliation as it is expected that Health and Welfare will again be able to fund the program for another year.

### **Governor's Rural Initiative and Economic Development Initiatives**

Jay Engstrom, Department of Commerce, noted that Governor Kempthorne appointed a 65 member Rural Development Task Force to review rural economic development issues. The Task Force developed a series of recommendations that the Governor approved and proposed to the Legislature. The Legislature passed the Governor's Rural Budget Package that included the following tax components: Tax Incentive for Broadband Service to Rural Areas, Corporate Income Tax Reduction, Incentive Investment Tax Credit (2001 only), \$500 Job Credit/Per New Employee, Capital Gains Incentive, and a Research and Development Credit.

Mr. Engstrom noted that the Rural Initiative also includes funds for Rural Community Development Grants, Gem Community Grants and Regional Economic Development Professionals. This year 12 Economic Development Specialists were hired to assist rural areas with their economic development activities. Also, as part of the effort to assist rural areas, the Workforce Development Training Fund added a rural component that eliminated the 5 new job requirement and increased funding levels for rural areas.

Gary Mahn, Director of the Department of Commerce, updated the Council on the recent trade mission to Asia. He noted that we all live in an economic 'Global Community' and that represents opportunities for new markets for our products as well as challenges. One of the main challenges will be competing with the low labor costs of such countries as China. Mr. Mahn felt the trade mission was a success as several Idaho companies initiated business contracts during the visit.

## **Regional Perspectives**

### Region I

Lee Fields, Job Service Area Manager and local *IdahoWorks* Board member, presented on behalf of the North Idaho Workforce Investment Board and acknowledged a report provided by Kris Suiter, staff to the board, and Kathryn Tacke, Regional Labor Economist. Ms. Fields said that based on trends over the last 10 years, they expect businesses related to tourism, construction, technology, health care, personal home services, and business services to emerge or expand. She cautioned however that not all of these industries would be good choices for starting a new business in the current economy. Ms. Fields said that in the short run and in the current economic climate, the safest businesses to start are ones serving the area's aging population – especially health care businesses. In the next year or two, business opportunities in computers will be limited by the overbuild that occurred before the dot-com crash in the fall of 2000, but the long-term prospects for computer-related businesses remain excellent.

In terms of workforce challenges, the board identified four major issues that the board will work on over the course of the next year. The first is the scarcity of year-round jobs with wages and benefits sufficient to support families. The decline in natural resource jobs creates a second workforce challenge and that is the need for transitional assistance for dislocated workers, which poses many challenges for the economy as a whole. A third challenge is a faster growth in part-time jobs and temporary jobs than in full-time permanent jobs. Ms. Fields remarked that the final workforce challenge is the lack of available public transportation, but noted that they had just been designated to receive transportation funds. She closed by saying that Idaho's workforce development system needs to continue to advocate for recruiting and retaining high wage, permanent employment opportunities, especially in the rural areas of the state. She also challenged the workforce system to identify the top five barriers to employment and then work together over the next year to help remove or lessen those barriers.

### Region II

Chris Loseth, President of Potlatch Credit Union and President of the North Central *IdahoWorks* Board, said their issues were similar to those in North Idaho. He remarked that traditional natural resource based businesses are stagnant and that businesses must change through the use of technology. Many “mom and pop” stores need assistance with training as do dislocated workers in the region. He also noted that businesses need to adapt to the changing economy and that the system needs to encourage the program to be flexible.

He said that the challenges for the region include making one stop partners as effective as possible, to be efficient to ensure that money is used well, to remember that we serve business and to move away from the status quo. He said he believes the one stop partnership has worked well and suggested that the system needs a demand side approach. He also pointed out that they were part of a metropolitan regional area with Asotin County and were receiving \$1.2 million in transportation funds. He closed by saying that we need to keep businesses involved and need the mentality to promote and grow for the future.

### Region III

Kathy Hagler, Chair of the WorkSOURCE *IdahoWorks* Board, reported for the Southwest Idaho workforce investment area. She provided a hand-out prepared by Jennifer Pirtle, Regional Labor Economist. Ms. Hagler said that the Board was working with the service providers to get job seekers “dressed up” for business. She remarked that the new challenge is economic development. Ms. Hagler provided an overview of the board’s goals and reported on their progress. Among the goals are expanding employment and training services through partnerships, providing a seamless job matching system, improved youth opportunities, involvement of employers in establishing programs to meet needs, and building partnerships. She noted that the Employer Training Committee will continue to need a lot of work. Ms. Hagler shared that the area was doing training on how to work with business and was in the process of doing their own business survey.

### Region IV

The presentation for the South Central *IdahoWorks!* Board was made by Linda Barnes, Vice-Chair. Linda shared information about the impact of the closure of the Heyburn Plant in Idaho. She also noted opportunities available in health care in the region and remarked that we need people to be pro-active in putting together programs to meet these needs. She told the Council about the expansion of the transportation system, Trans IV, and the economic development activities, noting particularly the actions in Jerome. She closed by saying that affordable housing continued to be a problem in the area.

## Region V

Ivan Leonhardt, Chair of the Southeast *IdahoWorks* Board shared information about the lay offs on the railroad and phosphate plants remarking that both resulted in the loss of high paying jobs. In the seven county area, three lost population in the latest census. He talked about economic development and employment patterns across the region and said that meeting the employment needs of the health care industry continues to be a challenge. The region is working with ISU to help arrive at solutions.

## Region VI

Coleen Erickson presented on behalf of the East-Central *IdahoWorks!* Board. She opened by sharing information on the regional economy, noting that the tech corridor that is moving into the Salmon area cannot replace the wages lost from the decline in mining. She also said that Butte County needs jobs with better pay even though unemployment is low. She reported that some of the challenges include a reluctance of some to change, transportation, child care and the need for additional training for the Youth Council. The layoffs at the INEEL numbering over 700 in the past year posed a challenge to the area. She closed by saying that she sees great opportunities in the area.

## **Expanding the Partnership and WIA Reauthorization**

Discussion on these two items was deferred due to time constraints.

## **New Member**

Karen McGee introduced The Honorable Janet Aikele, (R) House Seat B 1<sup>st</sup> term, and School Superintendent, Butte County School District #111, Arco.

## **Arizona's Economic Development Initiative**

Mary Jo Waits, Associate Director of the Morrison Institute for Public Policy at Arizona State University, provided a background on economic development and Arizona's practice of using a cluster-based approach. She stated that economic development, always a moving target, is affected by globalization, technological advancements and declining living standards. While each of these forces is significant, when considered together, they illustrate the need for a new economic development framework, focusing on competitive advantage. Cluster analysis, popularized by Michael Porter in the 1990s, identifies concentrations of industries (suppliers, businesses, service providers, etc.) in a geographic area (county, metro area, region, state). Industries that cluster conduct business with each other and share common resources, including workforce, technology and infrastructure.

Economic development officials and policy makers are beginning to use a cluster-based approach in their economic development efforts. Early adapters include Arizona, Florida, Massachusetts, Illinois, Silicon Valley in California and Austin, Texas.

Drawing on her experience in Arizona, Ms. Waits illustrated how cluster analysis has evolved over the past decade in Arizona. For Arizona, cluster analysis has helped define the economy and its players helped organize business and industry leaders and provided a vehicle to deliver specialized services to industries. Begun in the late 1980s, during an economic slowdown, a public-private partnership developed Arizona's first cluster strategy. Nine industry cluster groups were identified: information, biomedical, tourism, business services, transportation, aerospace, mining, agriculture and optics. Over time, these groups have changed (merging of groups, formation of new clusters, etc.) Today there are 11 cluster groups. Arizona's experiences provide valuable lessons for other economic development organizations embarking on cluster analysis. These include not relying solely on quantitative analysis and incorporating flexibility into the process-allowing new clusters to emerge/evolve.

Will a cluster strategy work in Idaho? It is difficult to say. Idaho does not have the concentration of industries/critical mass that Arizona does. While some areas do have a critical mass (i.e., Boise MSA and high-tech, eastern Idaho and recreational equipment, Magic Valley and food processing), the majority of industry concentrations would need to be considered from a statewide perspective. The geographical distance between industries within a statewide cluster may hinder collaborative efforts.

### **The Business Customer – A Study to Determine Needs and Expectations (Transmittal #7)**

Dr. Jim Weatherby, Director of the Department of Public Policy and Administration, facilitated a discussion regarding the goal in the Council's strategic plan to "Assess the needs of business and industry to enhance economic development, based on market sensitivity". The purpose of this discussion was to determine if the Council needs additional specific information on the needs of business and industry in order to focus its activities, and if so, in what areas additional information might be needed.

There was a wide ranging discussion among Council members regarding whether additional assessment of business needs was necessary at this time, and whether it was the most prudent use of Council time and resources. Several members expressed the opinion that sufficient information was already available through various sources, including the Council itself, the local *IdahoWorks* Boards, business organizations, existing research and reports (for example, the National Association of State Workforce Board Chairs "The Competitive Challenge: Building a World-Class Workforce"), community audits, etc. A suggestion was made that perhaps the Council might focus on how we can better get business more involved with the Council and the local *IdahoWorks* Boards. There may be an educational or awareness issue regarding the services available to business through the workforce development system.

Based on the Council discussion, Chair McGee indicated she would discuss this further with Allison McClintick of the Governor's office, and recommend to the Council at a

future date what, if any, further action needs to be considered or taken. Chair McGee invited additional comments from the Council, and indicated any additional comments could be forwarded to Allison.

**New Business** - Discussion about where and when to hold the next WDC meeting resulted in favor of meeting in Idaho Falls on Tuesday, September 17.

The meeting adjourned at 4:45 p.m.

Attendance:

Workforce Development Council  
June 20, 2002

Council Members:

Janet Aikele  
Steve Ahrens  
Lois Bauer  
Jerry Beck  
Richard Cortez (absent)  
Coleen Erickson  
Millie Flandro (absent)  
Emma Gebo (absent)  
Jim Hawkins  
Cindy Hedge  
Marilyn Howard (absent)  
Karl Kurtz  
Roger Madsen  
Gary Mahn  
Max McClintick  
Karen McGee  
Ruth Rathbun  
Charles Ruch  
Jim Soyk  
Shirley Stensgar (absent)  
Gary Stivers  
Dave Whaley

Guests:

Melinda Adams  
Bob Barber  
Linda Barnes  
Cheryl Brush  
Terry Butikofer  
Susan Choate  
Pat Debban  
Jo Ann Edmiston  
Jay Engstrom  
Lee Fields  
Eric Geyer  
Michael Graham  
Donna Grummer

Kathy Hagler  
Bob Harris  
Larry Hertling  
Jeanie Irvine  
Dwight Johnson  
Shelia Jones  
Brian Langley  
Ivan Leonhardt  
Chris Loseth  
Ralph Marshall  
John McAllister  
Allison McClintick  
Candy McElfresh  
Sue Payne  
Bob Perky  
Pam Petersen  
Steve Porter  
Dania Rivers  
Andy Rodriguez  
Ray Sanders  
Ethna Scaraglino  
Shirley Silver  
Ann Stephens  
Rachel Stocking  
Kris Suiter  
Alice Taylor  
Roy Valdez  
Kay Vaughan  
Wade Virgin  
Mary Jo Waits  
James Weatherby  
Judie Wright